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Lilly Family School of Philanthropy

## **The Landscape of Community Philanthropy**

Navigating Relationships between local United Ways and Community Foundations

### **Laurie E. Paarlberg**

Charles Stewart Mott Foundation Chair on Community Foundations  
Lilly Family School of Philanthropy  
Indiana University Purdue University

### **Megan LePere-Schloop**

Assistant Professor  
John Glenn College of Public Affairs  
The Ohio State University

### **Cherilyn Horning**

Paul H. O'Neill School of Public and Environmental Affairs Graduate Student

### **Jin Ai**

Lilly Family School of Philanthropy Doctoral Student

## About the Authors

Laurie E. Paarlberg is a professor of philanthropic studies at the Lilly Family School of Philanthropy at IUPUI where she serves as the C.S. Mott Foundation Chair on Community Foundations. Her research focuses on the changing landscape of community philanthropy.

Megan LePere-Schloop is an assistant professor of nonprofit and public management at the John Glenn School of Public Affairs, The Ohio State University. She studies organizational change and organizational behavior.

Cherilyn Horning is a research assistant at the Lilly Family School of Philanthropy. She has more than 16 years of experience in the non-profit sector and is earning a Master of Public Affairs degree at the Paul H. O'Neill School of Public and Environment Affairs.

Jin Ai is a research assistant at the Lilly Family School of Philanthropy. She is completing her Ph.D. in Philanthropic studies and her research focuses on networks and adaptation in local service delivery systems.

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*The findings, conclusions, and recommendations expressed in this report are the product of research conducted by the author(s) and do not represent the views of either The Lilly Family School of Philanthropy or Indiana University.*

## Executive Summary

Community philanthropic organizations, those organizations like United Ways and community foundations, have traditionally played important roles by raising and distribute resources within a specific geographic place, increasingly play important roles in planning for and funding local public service delivery. Over the last two decades, the field of community philanthropy has experienced many shifts. Changing donor expectations, increased competition from other nonprofits and commercial funds, economic restructuring and demographic shifts have all pushed local United Ways and community foundations to rethink their roles and their business models. These changes also affect relationships between organizations.

This report summarizes the roles that United Ways and community foundations play in their local communities, their perceptions of the changes going on in the world around them and their perceptions of their relationships with each other.

### Key Findings:

- Although United Ways and community foundations report playing similar roles in their local communities, they also see themselves as playing unique roles. Both organizations seek to improve their communities through fund raising and grant making. While community foundations emphasize their responsibility to connecting donors to key issues, United Ways are more likely to emphasize their role as community change agents. These differences reflect the historical legacies of both organizations. These differences also provide the opportunity for local United Ways and community foundations to both collaborate and create unique niches in response to community needs.
- While local relationships between United Ways and community foundations are generally positive, only 19% of respondents describe partnerships with each other in their local communities. As local communities increasingly rely upon philanthropic resources to address critical public issues, there are clear opportunities for partnerships to be built upon these positive perceptions.
- Local organizations share similar concerns about changes in the environment, including changes in the donor base. Yet different business models also pose unique challenges for the United Way and community foundation systems. While community foundations report stress from the increase in commercial donor advised funds, United Ways face challenges with the changing nature of workplace giving. There is general agreement on organizational challenges, such as attracting and retaining board and staff, and growing community needs.

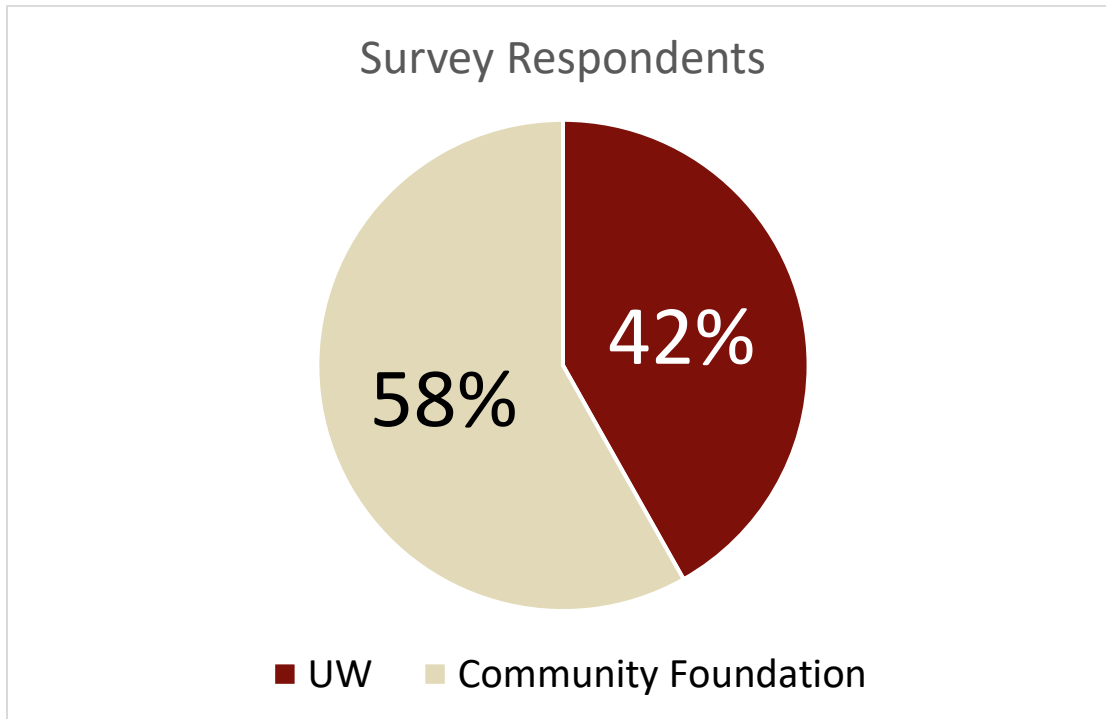
### And then COVID-19...

We collected this data in October/November of 2019. Just as we were about to send off these summary findings, COVID-19 began to upend our communities. Today's world is clearly different. We acknowledge that as we share these findings and reflect upon that in our "conclusion." We also include preliminary analysis of our efforts to track community philanthropy's response to COVID-19.

## DATA

We sent an online survey (using Qualtrics) to the population of United Ways and community foundations in the United States. Responses were collected in October and November 2019. We had valid emails for 887 organizations and 416 organizations responded. This represents a 46.9 % response rate.

**Figure 1: Survey Responses by Organizational Type**



# FINDINGS

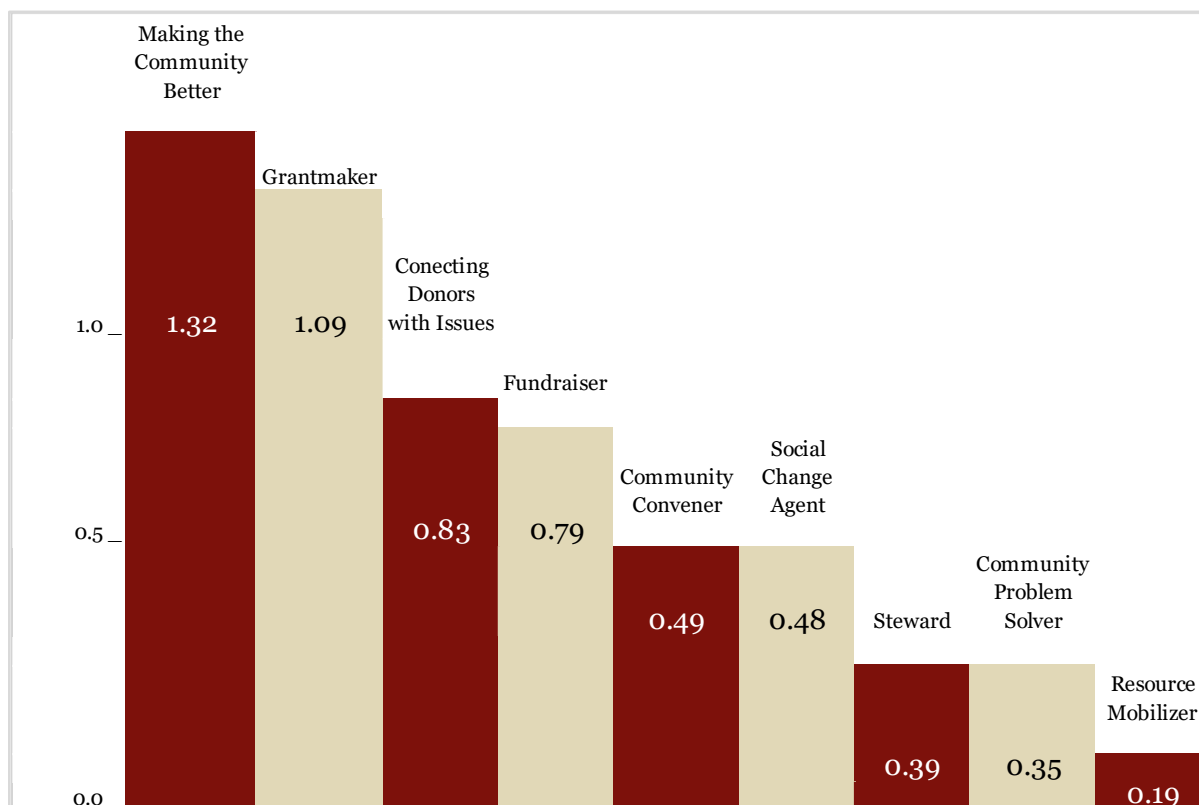
## ROLES OF LOCAL COMMUNITY PHILANTHROPIC ORGANIZATIONS

Over the last two decades, United Ways and community foundations have been pushed to “something new.” The United Way system has focused on Community Impact and is now moving toward the Modern United Way. Similarly, the community foundation field has promoted the move to “Community Leadership”. These shifts have encouraged some local organizations to think about their work in the community in new ways. In order to better understand how local leaders understand the role that their organizations play in the local community, we asked the following question.

Question: Please indicate the top three roles that your organization plays in the community based on the following descriptions. Then order the roles from most important at the top to least important at the bottom. (see appendix a for a description of roles)

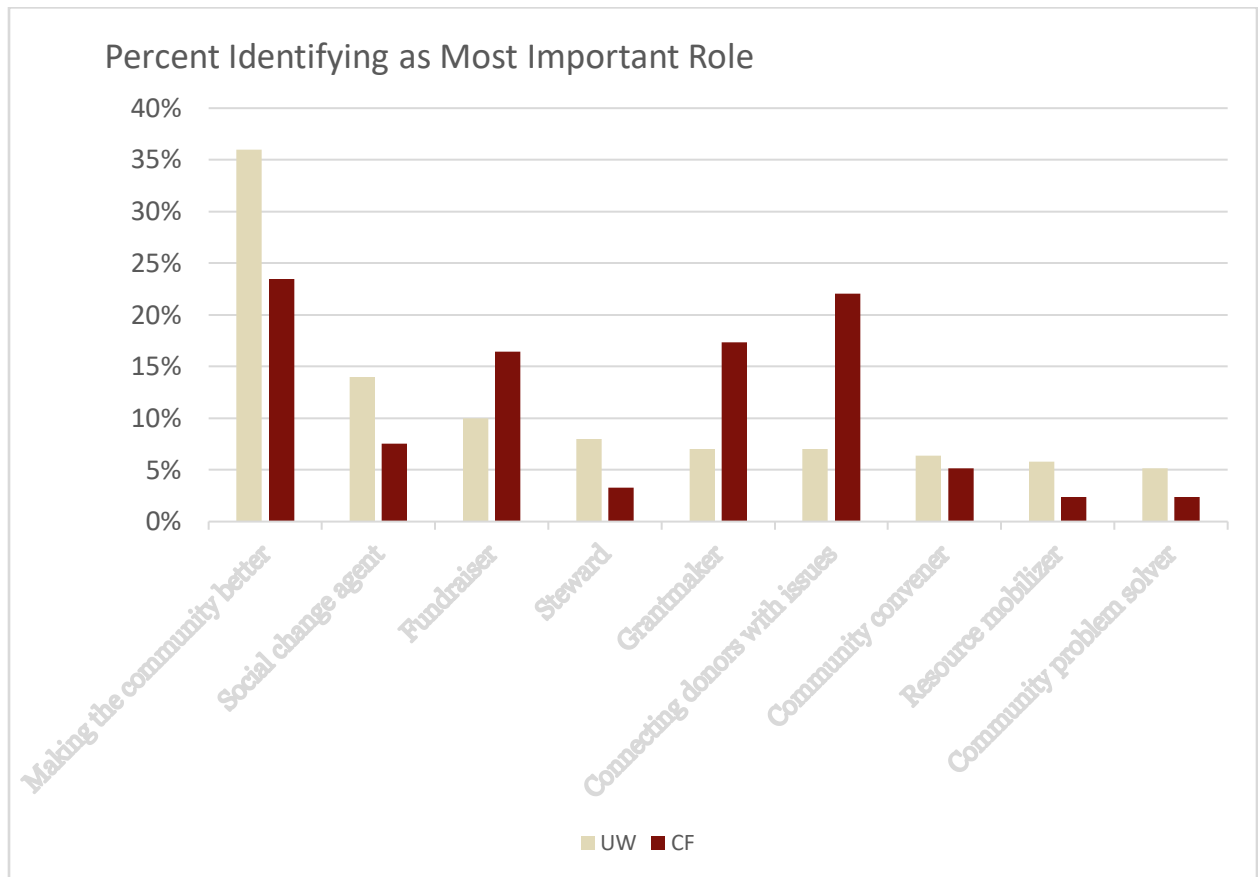
Method: Community grant makers were asked to rank the importance of seven roles identified based on a review of organizational mission statements. To identify how important each role was relative to the others, we calculated a reverse ranked score. With the most important role receiving a score of 3. The number represents average ranking (Figure 2). We then compared the most important roles across organizational type.

**Figure 2: Community Roles**



It is no surprise that the most frequently cited roles are “making the community better” and “grant maker.” However, despite the recent attention given to community impact and community leadership within the UW and CF fields, leadership roles such as convening, acting as a change agent, problem solver, or mobilizer were mentioned less frequently than the traditional roles of grant making and fund raising.

**Figure 3: Differences in Roles Across Organizational Type**



Both United Ways and community foundations emphasize the roles of “making the community better.” However, UWs are more likely to emphasize their role as “social change agent”, while community foundations emphasize the intermediary role of “connecting donors with issues”.

## RELATIONSHIPS BETWEEN UNITED WAYS AND COMMUNITY FOUNDATIONS

Throughout history, local UWs and community foundations have existed side by side, raising and distributing resources to make their communities better places. Does such proximity lead to competition or cooperation? We explored this question by asking leaders about the general relationships between United Ways and community foundations. We then specifically asked about their relationship with the respective United Way or community foundation in their own community. We then coded each response as expressing a positive or negative sentiment.

**Question:** What three words best describe the relationship between United-Ways and community foundations?

**Method:** We coded each response to capture the sentiment of the words that we were used.

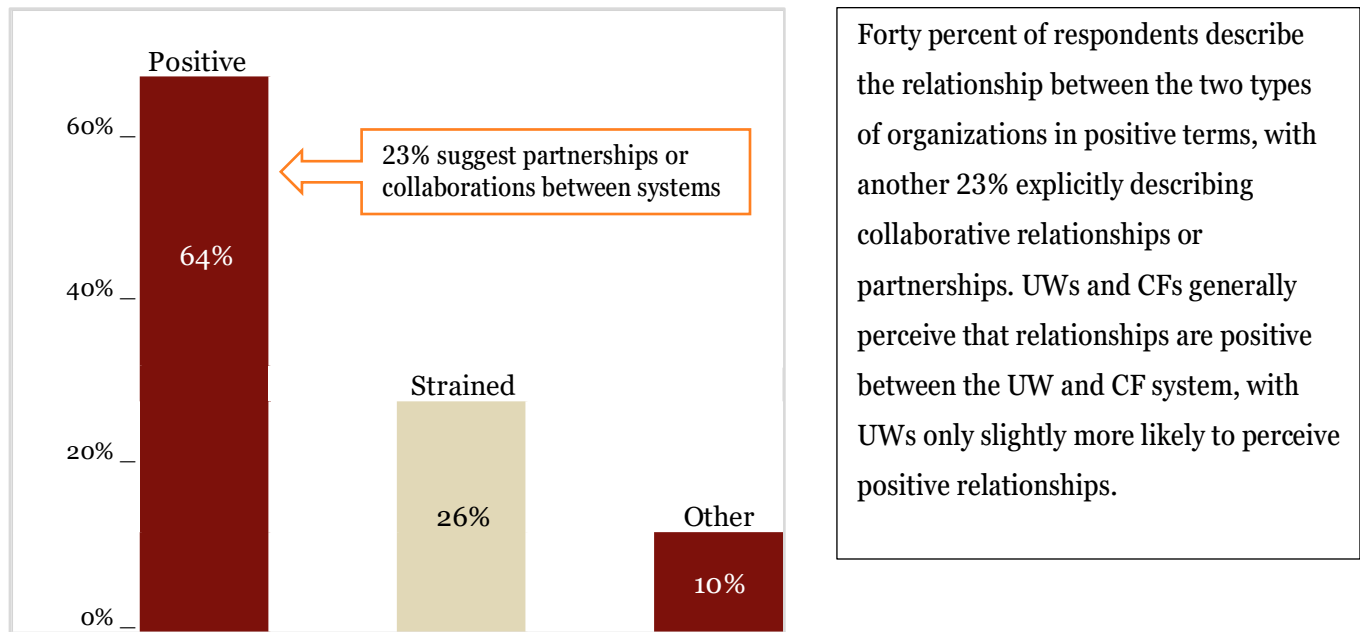
Positive words used to describe relationships



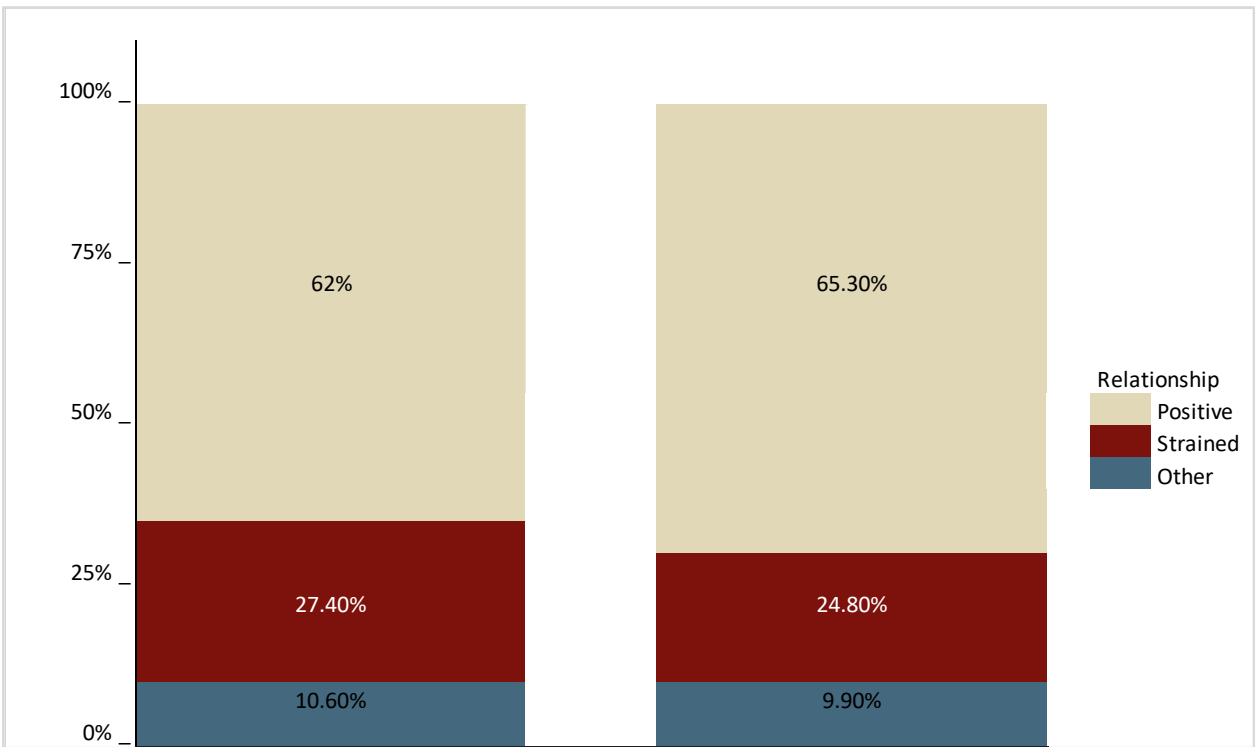
Negative words used to describe general relationships



**Figure 4: Description of Relationships Between Systems in General**



**Figure 5: Differences in Perceptions of Relationship Across Organization Type**



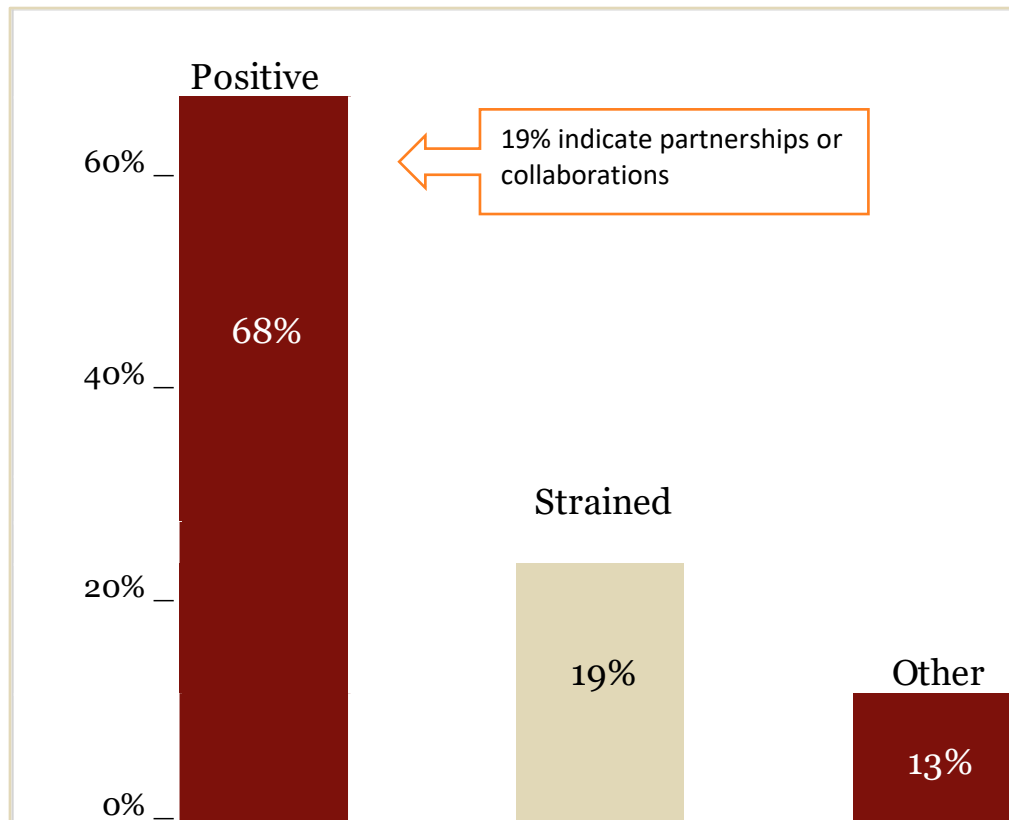


## RELATIONSHIPS IN LOCAL COMMUNITIES

**Question:** What three words best describe your organization's relationship with your local UW/CF?

Respondents are even more likely to describe local relationships generally in positive terms, with local UWs only slightly more likely to describe positive relationships than CFs. However, while 23% perceive that UWs and CFs relationships are generally collaborative, only 19% of local organizations describe an actual partnership/collaboration with their respective UW/CF.

**Figure 6: Perceptions of Local Relationships**

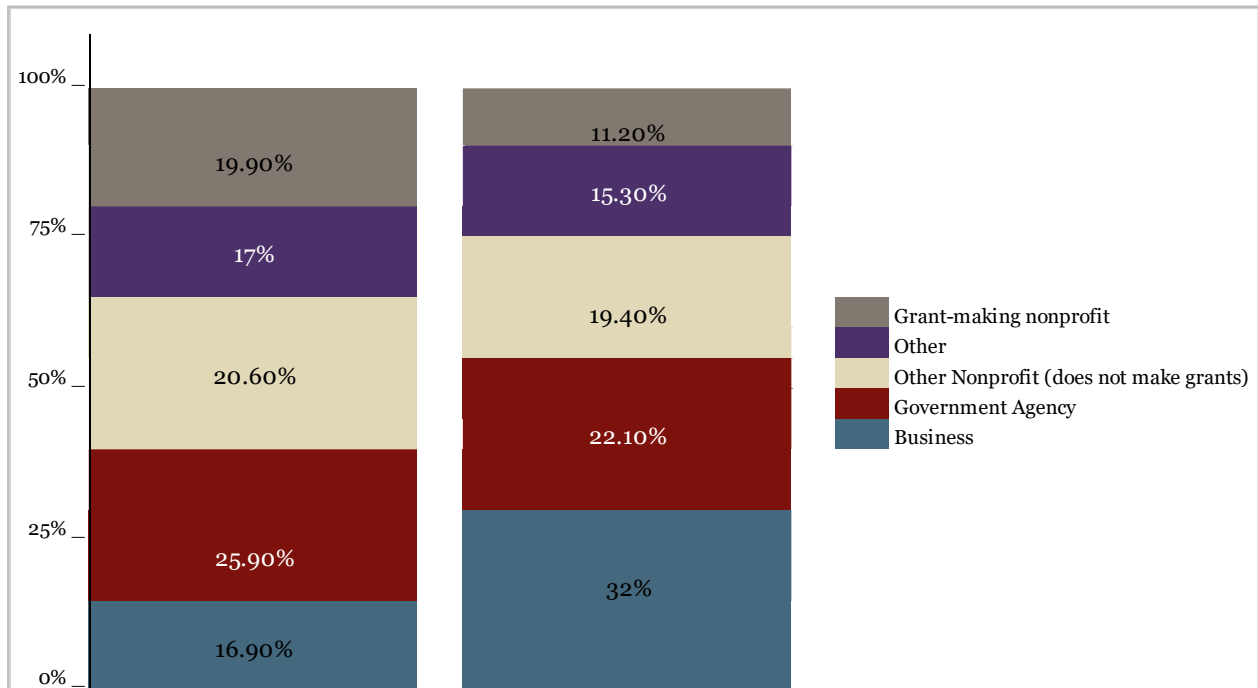


## IDENTIFYING COMMUNITY PARTNERS

As community issues become more complex, local organizations increasingly rely upon partners to achieve their organizational goals. Partners may help meet fund raising goals, convene around community issues, or even work together on community issues.

**Question:** Please provide the names of the five local organizations other than your grantees that are most essential to meeting your organizational goals. Which of the following best describes each of these organizations?

**Figure 7: Identity of Key Partners**



In total, 20.1% of respondents who answered this question rereported their local UW/CF as a partner.

Despite generally positive, relationships, only a small percentage of UWs and CFs report each other as “essential partners” in accomplishing their organizational mission. Local government agencies and other nonprofits were reported to be the most important partners. CFs are more likely to report government partners than are UWs. UWs are more likely to report businesses as partners, probably due to the historical reliance on workplace campaigns.

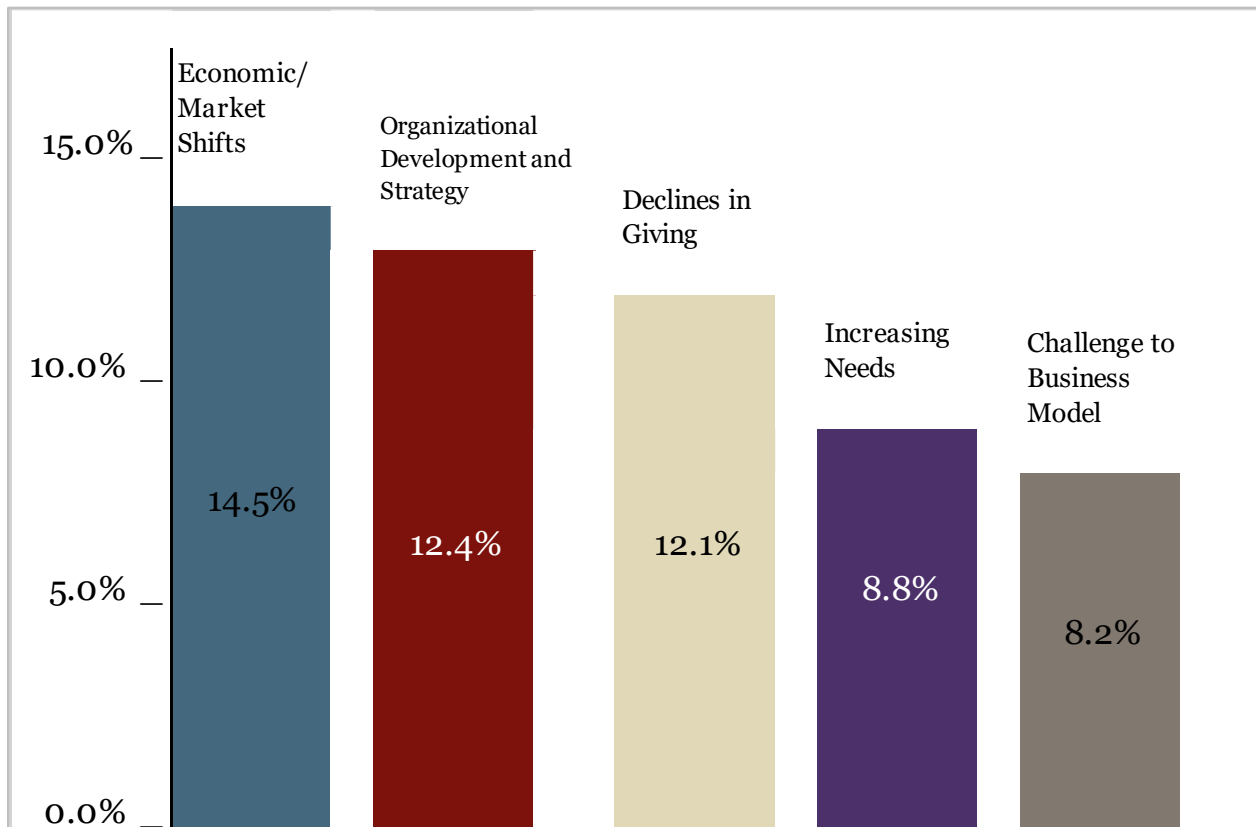
## TRENDS AFFECTING COMMUNITY PHILANTHROPY

In 2005, Bernholz, Fulton and Kasper\* noted: “A combination of inescapable external forces—economic pressures, demographic changes, shifting expectations for regulation and accountability, the emergence of the commercial sector as an innovator, and changing relationships between the sectors—is leading community philanthropy toward something new.”

**Question:** What are the three most significant changes or trends (whether positive or negative) that affect the work of your organization?

**Figure 8: Local UW’s Perceptions of Community Changes**

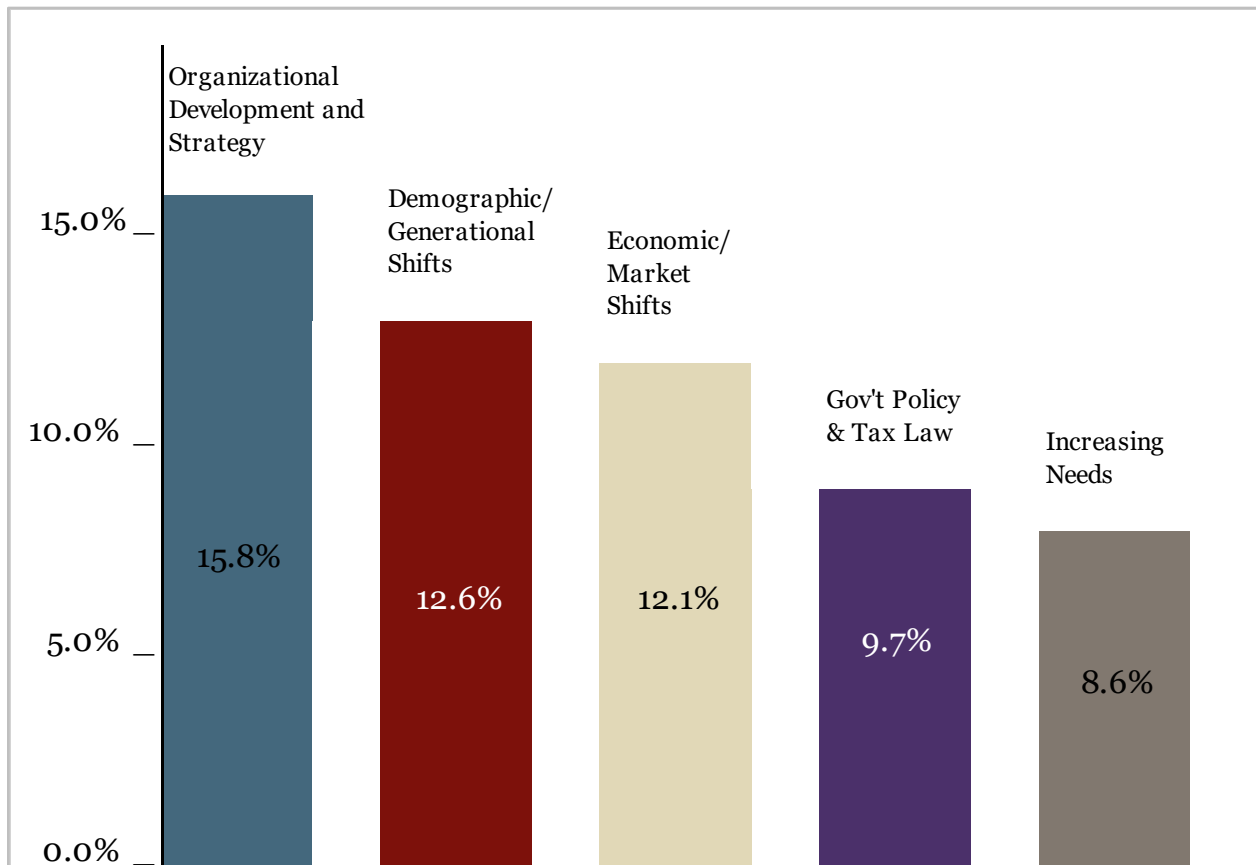
(% reporting)



**Declines in giving** often focus on declining giving by the middle-class

**Challenges to the Business Model** = Workplace Giving

**Figure 9: Local CF's Perceptions of Community Changes**  
(% reporting)



**Demographic shifts** focus on aging of boomer donors and the expectations of younger donors  
**Tax policy** includes the loss of itemized deductions for many middle-class Americans

Despite these differences, there are shared concerns about how community changes are affecting their organization.

- **Organizational development and strategy** include attracting and retaining staff and the use of technology.
- **Economic/market shifts** include the loss of local business, population loss (rural communities) & growth (suburban communities).
- **Increasing community need** including growing poverty, income inequality and opioid issues.

## IMPLICATIONS

In summary, our results suggest three key findings, which we think offer important implications for future relationships between local United Ways and community foundations.

- UWs and CFs share goals of “making the community better.” However, they differentiate themselves by taking distinct approaches to achieving this goal.
- UWs and CFs generally perceive each other positively; however, they are less likely to report actual partnerships and collaborations.
- Although UWs and CFs face different pressures that impact their unique fund-raising models, they share concerns about growing community needs, their organizational capacity to respond, and current and future declines in local giving.

Local UWs and CFs **share a common commitment** to “making their communities better places” and report similarities in the trends that are affecting their community, including growing social and economic needs, and the social and demographic changes that may dampen giving to community philanthropy. UWs and CFs differentiate themselves in how they go about “making their communities” better places and who they partner with. Such **differentiation** has the potential to lessen feelings of competition. Building upon **existing positive** relationships, there is room for increased cooperation, coordination, and collaboration.

There clearly is no shortage of opportunities for local organizations to come together to engage in joint problem solving and collective efforts to address local needs. However, there are many other important ways to work together on common organizational issues facing UWs and CFs. These may include growing local philanthropy, energizing and mentoring the next generation of local philanthropic leaders, and building the community’s technological infrastructure to support philanthropy.

## PARTNERSHIP IN A COVID-19 WORLD

We collected this data in October/November of 2019. COVID-19 has changed our worlds. In many communities, United Ways and community foundations are at the forefront of efforts to respond to the immediate crisis facing their communities and are at the center of systems that are planning for recovery. We are observing many examples of United Ways and community foundations working side by side to raise and distribute resources (financial, volunteer and information). We know that if we were to ask local philanthropic leaders today what roles they are playing and who their partners are, the answer would be very different. Since March 15, 2020, we have been documenting the story rise of COVID-19 funds and initiatives by searching websites, press releases, and social media accounts. To date we have identified 1119 funds that are supported or hosted by a local United Way or community foundation. Early analysis suggests that at least 244 funds. As our analysis continues, these numbers are certain to increase.

These initiatives were formed rapidly, amid uncertain times, and represent the important role that community philanthropy plays in supporting local resilience. [We hope that our mapping of these COVID-19 efforts will call attention to the critical roles that community philanthropy plays.](#) Please use the link of this page to share information about your organization's response.

This initial study lays a foundation for understanding where the field of community philanthropy was at one point in time. The questions are now shifting, and we are asking many questions about the future: what is the new role for philanthropy in local communities? What do resilient organizations look like – organizations that can not only survive but come out healthier and more adaptable? How do local organizations co-lead efforts to create and sustain resilient communities? How do United Ways and community foundations develop and sustain relationships through these challenges? Throughout this difficult time, we continue to be inspired by the selfless and creative work that is being done by our local philanthropic leaders. Please contact us if you would like to learn more about our research or share your stories with us.

Laurie E. Paarlberg  
[lpaarlbe@indiana.edu](mailto:lpaarlbe@indiana.edu)

Megan LePere-Schloop  
[lepere-schloop.1@osu.edu](mailto:lepere-schloop.1@osu.edu)